
October 27, 2009

Q3 2009 results



Agenda

- **Q3 Highlights and operational review**
 - **Financial review**
 - **Outlook and medium-term targets**
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Q3 Highlights and operational review

Q3 Highlights

- Ongoing volume pressure
- Strong company-wide focus on customers, costs and cash
- Margin management and cost restructuring delivering results
- Operating working capital reduced
- Recovery remains fragile



Financial overview Q3 2009

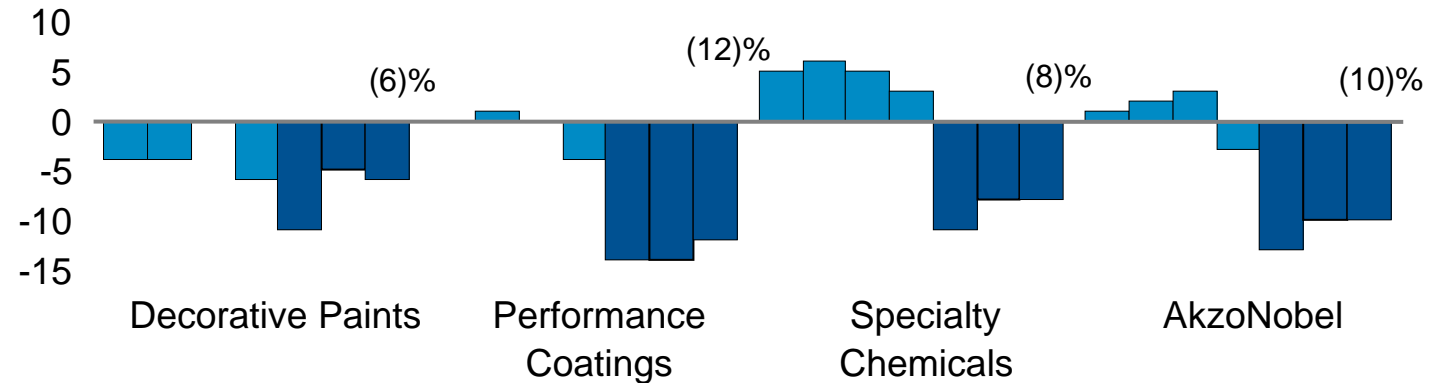
- Revenue declined 10 percent to €3,639 million
- EBITDA* of €549 million, up 4 percent, EBITDA margin at 15.1 percent
- Restructuring continues
- Net income: €197 million (2008: €152 million)
- Operating working capital reduced to 14.5 percent of revenue (2008: 17.4 percent)
- Interim dividend of €0.30 per share announced
- Recovery remains fragile



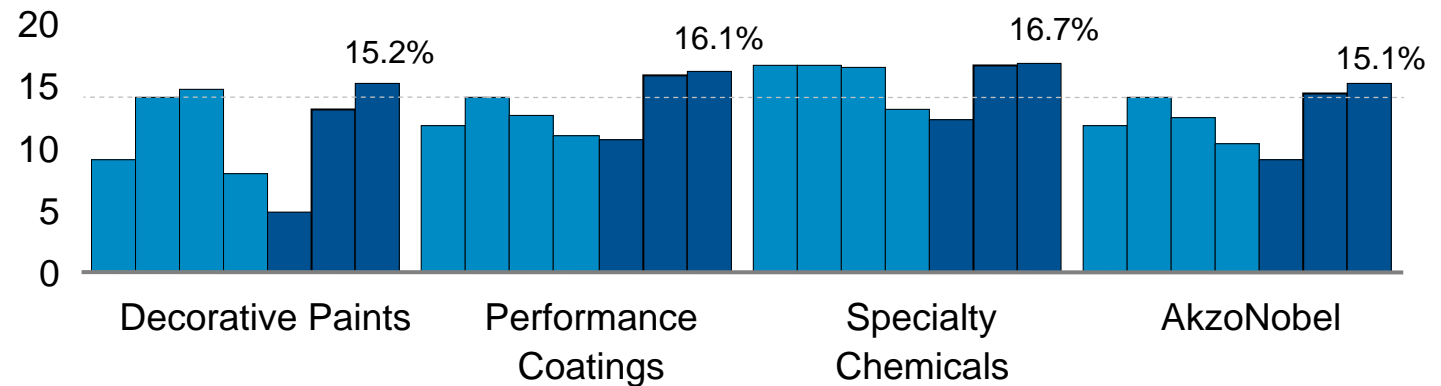
* Before incidentals

Revenue growth and margin development per quarter to Q3 2009

Reported revenue in % year-on-year



EBITDA margin in %



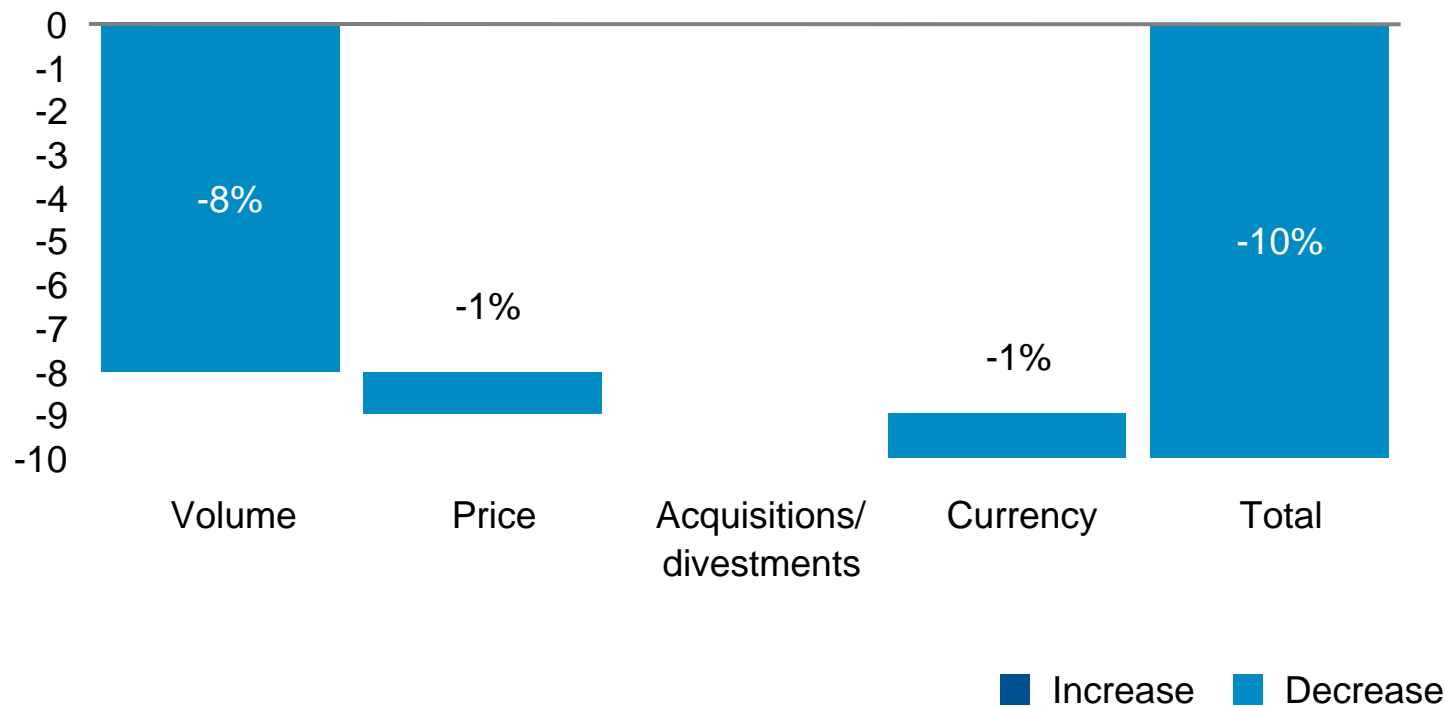
■ 2008 ■ 2009



Q3 2009 revenue

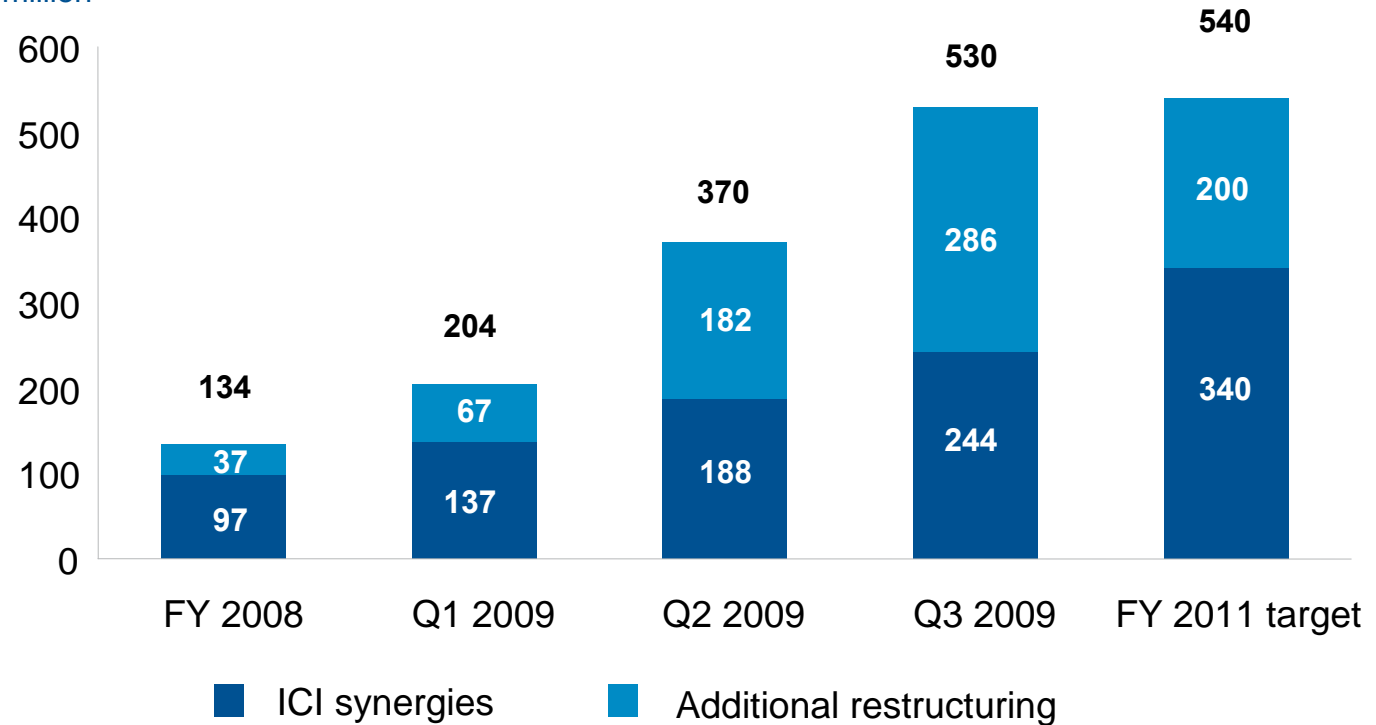
€ million	Q3 2009	Δ%
Revenue	3,639	(10)

Revenue development Q3 2009 vs. Q3 2008



We are delivering on synergies and cost reduction

Cumulative annualized savings
€ million



Total cost savings targeted of at least €540 million by 2011



ICI synergies and additional restructuring on track

<i>2008 & YTD 2009</i>	ICI synergies	Additional restructuring	Total
Net FTE reductions*	1,742	2,240	3,982
Cash costs (€ million)	142	167	309
Annualized savings (€ million)	244	286	530

We will continue to pursue efficiency improvements:

- Alignment of manufacturing and distribution footprint to meet lower demand
- Intended 20 percent FTE reduction at HQ work in progress
- Further reduction of overhead cost and third party spend
- 2009 salary freeze for more than 500 executives, including Board of Management, and where possible for most other employees.

* The gross number was offset by new hires, acquisitions and seasonal staff



Operational review Decorative Paints



Decorative Paints highlights Q3 2009

- Revenue down 6 percent (Q2, 2009: 5 percent)
- Volume decline of 9 percent (Q2, 2009: 10 percent)
- EBITDA at €198 million (2008: €207 million)
- Improved EBITDA margin at 15.2 percent (2008: 15.0 percent)
- Trade market remains weak
- Margins positively impacted by continued restructuring, mix improvements and new product launches
- US market still depressed
- Strong performance in Europe on the back of mix and restructuring initiatives

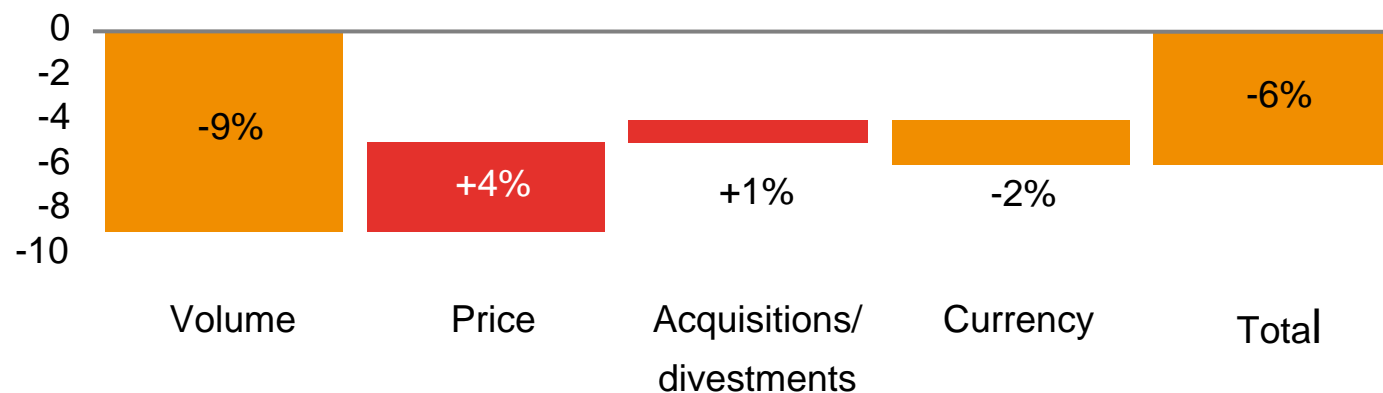


Decorative Paints Q3 2009

€ million	Q3 2009	Δ%
Revenue	1,299	(6)
EBITDA*	198	(4)

Ratio, %	Q3 2009	Q3 2008
EBITDA* margin	15.2	15.0

Revenue development Q3 2009 vs. Q3 2008



* Before incidentals

■ Increase ■ Decrease



Operational review Performance Coatings



Performance Coatings highlights Q3 2009

- Revenue decreased by 12 percent
- Volumes down 11 percent (Q2, 2009: 19 percent down)
- EBITDA up 12 percent at €166 million (2008: €148 million); EBITDA margin at 16.1 percent
- Cost levels decreased as restructuring programs continue
- Improving performance in Industrial Activities

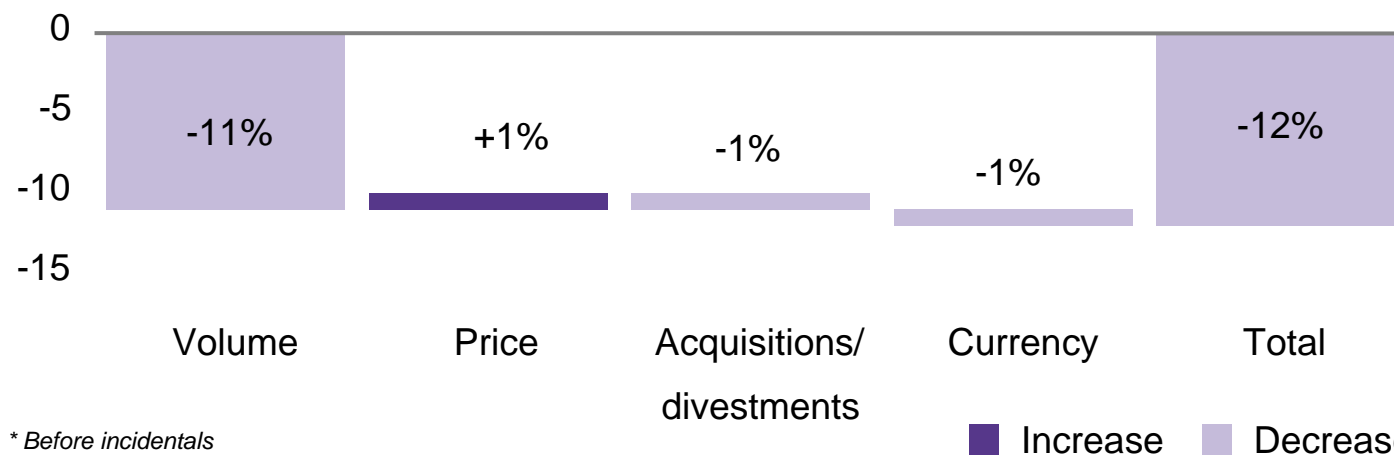


Performance Coatings Q3 2009

€ million	Q3 2009	Δ%
Revenue	1,030	(12)
EBITDA*	166	12

Ratio, %	Q3 2009	Q3 2008
EBITDA* margin	16.1	12.7

Revenue development Q3 2009 vs. Q3 2008





Specialty Chemicals highlights Q3 2009

- Revenue decreased by 8 percent
- Volumes down 6 percent (Q2 2009: 18 percent)
- Cost and cash savings initiatives gathered momentum, with programs in all businesses
- EBITDA at €220 million (2008: €242 million) with margin at 16.7 percent (2008: 16.8 percent)
- Functional Chemicals, Surface Chemistry and Pulp and Paper Chemicals: resilient performance
- Industrial Chemicals results under pressure

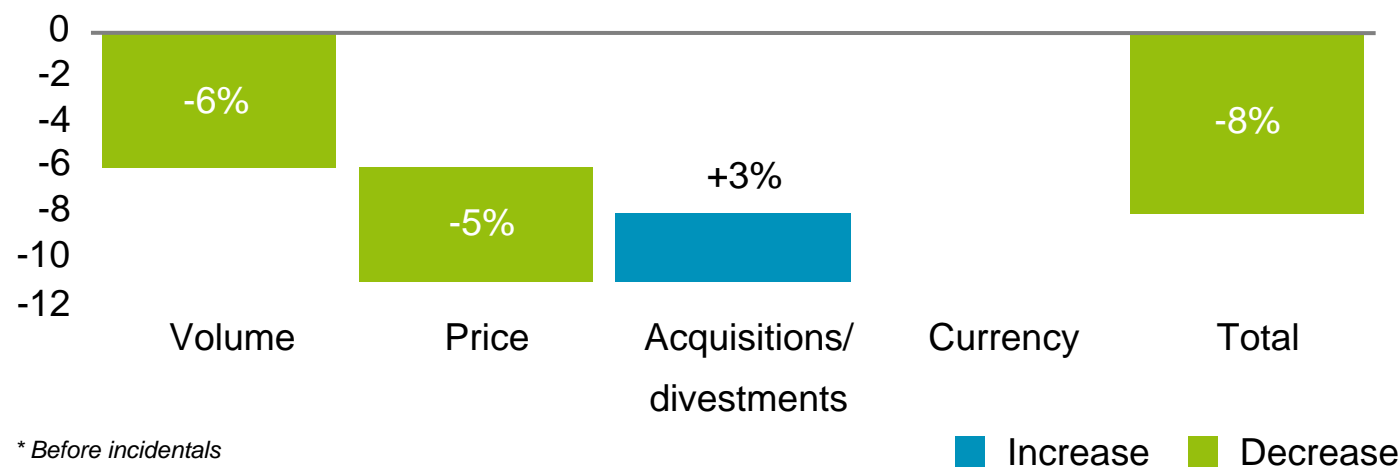


Specialty Chemicals Q3 2009

€ million	Q3 2009	Δ%
Revenue	1,319	(8)
EBITDA*	220	(9)

Ratio, %	Q3 2009	Q3 2008
EBITDA* margin	16.7	16.8

Revenue development Q3 2009 vs. Q3 2008



Financial review

Cash management discipline

Focus on cash

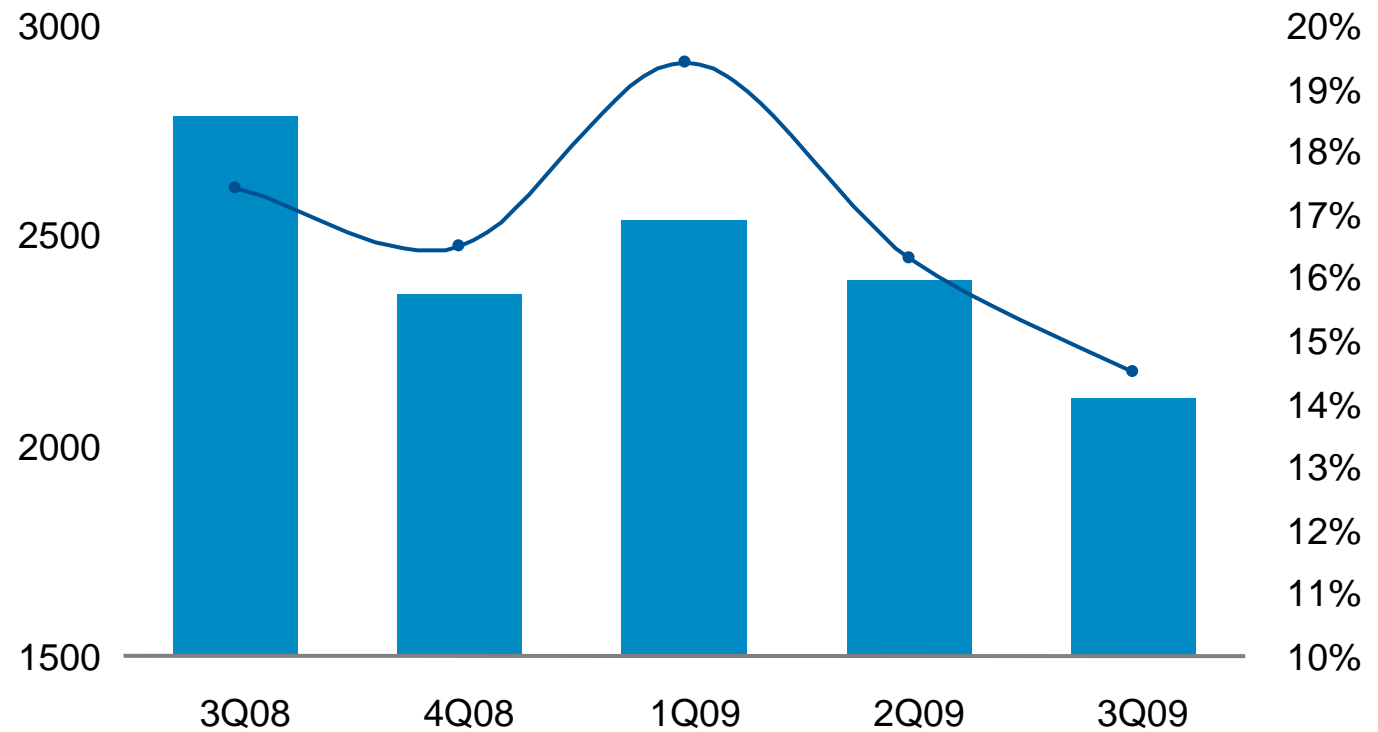
- OWC reduction
- Capex prioritization
- R&D stable
- Only bolt-on acquisitions
- Dividend policy unchanged

- OWC reduced to 14.5% of revenue (Q3 2008: 17.4%)
- Careful prioritization of Capex
- We continue to look for attractive bolt-on acquisitions
- Dividend policy unchanged



Continued focus on Operating Working Capital is delivering results

OWC
€ million



■ OWC
— OWC as % of revenue



Medium-term targets

Well positioned to meet current challenges

Sound fundamentals

- Strong market positions and brands
- Diverse geographic spread in highly attractive sectors
- Strong operating cash flow

Actions

- Continued focus on customers
- Rigorous cost restructuring
- Cash protection
- Prudent capital allocation without jeopardizing growth



Outlook and medium-term targets

Focus continues to be given to customers, cost reduction and cash generating actions so that the company is well positioned to meet the current challenges and, as a result, will be in good shape to take advantage of the recovery when it comes. However, the economic recovery remains fragile and it continues to be difficult to predict customer demand.

The company remains committed to:

- improving operational efficiency through further restructuring and cost control;
- achieving its medium-term target of an EBITDA margin of 14 percent by the end of 2011.



Q & A

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